

Message Text

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PAGE 01 LUBUMB 00065 240909Z

64

ACTION XMB-04

INFO OCT-01 AF-08 ISO-00 EB-07 AID-05 CIAE-00 COME-00

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TO SECSTATE WASHDC 1836

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LIMITED OFFICIAL USE LUBUMBASHI 065

DEPT PASS EXIMBANK

E.O. 11652: N/A

TAGS:

SUBJ: GECAMINES APPLICATION FOR EXIMBANK FINANCING

REF: STATE 088561

1. IN MEETINGS APRIL 22-23 WITH GECAMINES MANAGEMENT, INCLUDING DIRECTOR GENERAL UMBA, EXIMBANK TEAM INDICATED WILLINGNESS TO CONSIDER APPLICATION FROM GECAMINES FOR \$20 MILLION OF LOAN/GUARANTEE EXPOSURE TO FINANCE U.S. MINING EQUIPMENT (REFTEL). AS EXPLAINED TO CENTRAL BANK GOVERNOR SAMBWA AND GECAMINES, SUCH APPLICATION WOULD BE IN LIEU OF BALANCE OF PAYMENTS CREDIT DISCUSSED LAST JULY. ALL AGREEABLE TO THIS PROCEDURE.

2. LETTER OF APPLICATION DATED APRIL 23 BEING HANDCARRIED BY LENTZ TO EXIMBANK. SALIENT POINTS INCLUDE:

A. AMOUNT OF U.S. PURCHASES: \$22,200,000, OF WHICH 85 PERCENT EQUIPMENT OR LARGE SUB-ASSEMBLIES AND 15 PERCENT SPARE PARTS.

B. BORROWER: GECAMINES WITH MINISTRY OF FINANCE GUARANTEE AND LIMITED OFFICIAL USE

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PAGE 02 LUBUMB 00065 240909Z

CENTRAL BANK ASSURANCE OF FOREIGN EXCHANGE AVAILABILITY.

C. FINANCING PLAN: 10 PERCENT CASH PAYMENT, 45 PERCENT COMMERCIAL BANK CREDIT GUARANTEED BY EXIMBANK (\$9,990,000), AND 45 PERCENT DIRECT EXIMBANK CREDIT (\$9,990,000).

D. TERM: TEN SEMIANNUAL INSTALLMENTS BEGINNING AROUND MAY-JUNE 1978, ABOUT SIX MONTHS AFTER DELIVERY OF EQUIPMENT.

E. AVAILABILITY DATE: DECEMBER 31, 1977.

F. INTEREST RATE, GUARANTEE AND OTHER FEES: STANDARD.

3. APPLICATION ACCOMPANIED BY GECAMINES PRELIMINARY PROFIT AND LOSS STATEMENT AND BALANCE SHEET FOR DECEMBER 31, 1975, PLUS PROJECTIONS FOR NEXT THREE YEARS; DETAILED EQUIPMENT LIST WITH PROBABLE SUPPLIERS; AND TECHNICAL DATA REQUESTED BY GAGGINI.

4. COMMENT: ALTHOUGH GECAMINES CONTINUES TO BE HAMPERED BY COUNTRY'S FOREIGN EXCHANGE DIFFICULTIES, IT IS BELIEVED TO BE ONLY BORROWER IN ZAIRE WHOSE OBLIGATIONS TO EXIMBANK ARE CURRENT. FINANCING OF ESSENTIAL SPARE PARTS AND EQUIPMENT REQUESTED IN APPLICATION COULD SIGNIFICANTLY EASE COMPANY'S FOREIGN EXCHANGE PROBLEMS AND CONTRIBUTE DIRECTLY TOWARDS GREATER COPPER/COBALT PRODUCTION.
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Message Attributes

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Disposition Date: 28 MAY 2004
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Margaret P. Grafeld
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